

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0755-01
Bill No.: HB 0187
Subject: Revises foster care reimbursement rate.
Type: Original
Date: February 7, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	\$0	(\$20,664,326)	(\$42,627,854)
Total Estimated Net Effect on <u>All</u> State Funds	\$0	(\$20,664,326)	(\$42,627,854)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Total Estimated Net Effect on <u>All</u> Federal Funds*	\$0	\$0	\$0

* Revenue and expenditures of approximately \$12 million annually net to \$0.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services - Division of Family Services - Children's Services Unit (DFS-CSU)** provided an extensive calculation of the additional costs which cannot be re-produced in the fiscal note. However, **Oversight** will provide the following rates for a point of reference. Traditional daily foster care reimbursement rates for FY 01 for children ages 0 to 5 is \$10.75, for children ages 6 to 12 the rate is \$12.39, and for children ages 13 and above the rate is \$13.38 per day. Specialized foster care reimbursement rates are averaging \$21.60 per day for FY 01.

The DFS-CSU stated per the Department of Corrections (DOC), the cost of housing minimum-security prisoners ranges from \$32 - \$37 per day - with the average being \$35.61 per day. The anticipated additional fiscal impact of this legislation, by year, would be:

FY 02	\$0
FY 03	\$12,093,949
FY 04	\$25,304,310
FY 05	\$39,711,561
FY 06	\$55,401,387
FY 07	\$72,465,004

The costs were split between state and federal funds at a rate of 51.4% state and 48.6% federal.

Officials from the **Department of Social Service - Division of Family Services - Income Maintenance Unit (DFS-IMU)** stated the Grandparents as Foster Parents program is paid using Temporary Assistance for Needy Family (TANF) funds at the same rate as the Foster Care Maintenance rates. The DFS-IMU officials assumed all costs to be paid through the State General Revenue Fund since all TANF monies are obligated.

The DFS-IMU officials assumed that the average cost per child in the Grandparents as Foster Parents program will remain constant at \$270.33 per month (for all age groups combined). This rate reflects a Foster Care Maintenance rate increase of 5.0% for FY 01. The officials also assumed that the growth rate for the number of children receiving benefits through the Grandparents as Foster Parents program will continue to decrease by half each fiscal year. The current rate of growth began to slow down in September, 2000. A 9.4% growth rate was applied to the remaining months in FY 01. The DFS-IMU officials provided the following schedule for the decrease in the growth rate of the number of children entering the program and receiving benefits through the Grandparents as Foster Parents program:

ASSUMPTION (continued)

FY 00	40.8%
FY 01	9.4%
FY 02	4.7%
FY 03	2.35%
FY 04	1.08%
FY 05	0.588%
FY 06	0.2938%
FY 07	0.1469%

The DFS-IMU stated that per the Department of Corrections, the cost of housing minimum-security prisoners ranges from \$32 - \$37 per day. They assumed a 2.7% cost of living adjustment to the per diem rate. Therefore, the anticipated minimum costs for housing minimum-security prisoners is expected to be:

FY 00	\$32.00
FY 01	\$32.86
FY 02	\$33.75
FY 03	\$34.66
FY 04	\$35.60
FY 05	\$36.56
FY 06	\$37.55
FY 07	\$38.56

The DFS-IMU officials anticipate the additional fiscal impact of this legislation for the Grandparents as Foster Parents program, by year, to be:

FY 02	\$0
FY 03	\$14,448,036
FY 04	\$29,561,439

FISCAL IMPACT - State Government

FY 2002
 (10 Mo.)

FY 2003

FY 2004

GENERAL REVENUE FUND

Costs - Department of Social Services -
Division of Family Services -
Children's Services Unit

Increased Foster Care Reimbursements	\$0	(\$6,216,290)	(\$13,066,415)
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Total <u>Costs</u> - Children's Services Unit	\$0	(\$6,216,290)	(\$13,066,415)
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Costs - Department of Social Services -
Division of Family Services -
Income Maintenance Unit

Increased Foster Care Reimbursements - Grandparents as Foster Parents Program	\$0	(\$14,448,036)	(\$29,561,439)
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Total <u>Costs</u> - Income Maintenance Unit	\$0	(\$14,448,036)	(\$29,561,439)
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**ESTIMATED EFFECT ON
 GENERAL REVENUE FUND**

	<u>\$0</u>	<u>(\$20,664,326)</u>	<u>(\$42,627,854)</u>
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FEDERAL FUNDS

Income - Department of Social Services -
 Foster Care Reimbursements

	\$0	\$5,877,659	\$12,297,895
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Costs - Department of Social Services -
Division of Family Services -
Children's Services Unit

Increased Foster Care Reimbursements	\$0	(\$5,877,659)	(\$12,297,895)
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**ESTIMATED EFFECT ON
 FEDERAL FUNDS**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Local Government

FY 2002
(10 Mo.)

FY 2003

FY 2004

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal provides for a minimum foster care reimbursement rate equal to the cost of housing a minimum security inmate. The cost is to be increased over the course of five years starting in FY 03.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services



Jeanne Jarrett, CPA
Director

February 7, 2001